

SB 339 Testimony by Pat Keim on behalf of Columbia Grain, Inc,

Columbia Grain Inc. opposes SB 339.

Simply stated this bill seeks to bump banks ahead of all other lien holders for any amount owing over \$50,000.

The liens that this bill seeks to subordinate to bank loans are ag input liens that cover such services as provision of seed, fertilizers, herbicides, labor by applicators, custom combiners and other services necessary to plant, grow, harvest, and market the crop. Producers depend on these commodities and services to raise a crop. Many producers rely on the willingness of the vendors to differ payment until the crop is marketed. Columbia Grain, Inc. provides seed for which payment comes due on sale of the crop. These transactions often involve tens of thousands of dollars and are secured by annualized seed liens.

Without the assurance of payment afforded by the current lien priority system vendors, including us would likely discontinue advancing supplies and services to producers. Many producers would not be able to afford this and therefore would not be able to raise a crop.

Without these materials and services there would be no crop for the producer to sell. If the producer has nothing to sell the banker to whom they owe money gets nothing.

This bill ignores other statutes that are already in place with the Fertilizer and Pesticide section that require "first in time" liens (Statute 113). It also does nothing to prevent the establishment of multiple corporations that may be the same people and can be set up to avoid having to honor other liens.

The reason these ag input liens have been given priority by previous legislatures is because legislators have recognized this simple truth. The current priority system actually may provide the banks better protection than what they are proposing in this bill.